

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of Inspector General
Office of Audit Services



MAY 28 2003

REGION IV
61 Forsyth Street, S.W., Suite 3T41
Atlanta, Georgia 30303

Report Number: A-04-02-07011

Ms. Rica Lewis-Payton, Executive Director
Division of Medicaid, Office of the Governor
239 North Lamar Street, Suite 801
Jackson, Mississippi 39201-1399

Dear Ms. Lewis-Payton:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General, Office of Audit Services' report entitled, *Payments for Services to Deceased Beneficiaries in Mississippi*.

We reviewed the Mississippi Division of Medicaid (MS DOM) internal controls that prevent payments to providers after a beneficiary's death. Our audit period covered federal fiscal years 1999 through 2001.

The HHS action official will make the final determination as to actions taken on all matters we have reported. We request that you respond to the HHS action official named below within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act, 5 United States Code 552, as amended by Public Law 104-231, Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise (See 45 Code of Federal Regulations, Part 5.) As such, within 10 business days after the final report is issued, it will be posted on the World Wide Web at <http://oig.hhs.gov>.

We appreciate the cooperation your staff provided to us during this audit. They contributed greatly toward the successful completion of this audit.

To facilitate identification, please refer to report number A-04-02-07011 in all correspondence.

Sincerely,

Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV

Enclosure

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Direct Reply to HHS Action Official:

Rhonda Cottrell, Associate Regional Administrator
Division of Medicaid and Children's Health
61 Forsyth Street, S.W., Suite 4T20
Atlanta, Georgia 30303-8909

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PAYMENTS FOR SERVICES TO
DECEASED BENEFICIARIES IN
MISSISSIPPI**



JANET REHNQUIST
Inspector General

MAY 2003
A-04-02-07011

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC at <http://oig.hhs.gov>

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.





May 28, 2003

Report Number: A-04-02-07011

Ms. Rica Lewis-Payton, Executive Director
Division of Medicaid, Office of the Governor
239 North Lamar Street, Suite 801
Jackson, Mississippi 39201-1399

Dear Ms. Lewis-Payton:

This report provides you with the results of our audit entitled, *Payments for Services to Deceased Beneficiaries in Mississippi*.

The audit objective was to determine the amount of Medicaid overpayments resulting from payments to providers for medical services rendered after the recipient's death. Our audit period covered 10/1/98 to 9/30/01.

We found that the Mississippi Division of Medicaid (MS DOM) Program had made 684 overpayments totaling \$105,553 (federal share \$80,918) related to recipients after their date of death. These overpayments were due to a time lag between the recipient's death and the recipient's Medicaid file update.

We are recommending that the state agency:

- recover \$105,553 from the providers who received payments for services provided after the recipient's death;
- refund \$105,553 (federal share \$80,918) to the Medicaid program for overpayments identified through our review; and
- implement procedures to identify and recover payments for post death services claimed after the payment system was updated with the recipient's date of death.

State Agency Comments

Medicaid officials agreed with our findings and recommendations. See Appendix A for their comments in their entirety.

INTRODUCTION

BACKGROUND

Medicaid (Title XIX of the Social Security Act) is a jointly funded federal-state healthcare program for eligible low-income and needy individuals. It covers approximately 41 million individuals, including children, the aged, blind and/or disabled, and people who are eligible to receive federally assisted income maintenance payments. During state fiscal years (FY) 1999 through 2000, the total expenditure for medical services by Medicaid in Mississippi totaled \$3,291,269,670. The Centers for Medicare and Medicaid Services provides oversight for the Medicaid program.

The Social Security Administration (SSA) keeps the most thorough death record information in the Federal Government. The SSA buys death certificate information from state governments and obtains death notification from funeral homes, friends, and family. The SSA uses this information to terminate all benefits of the deceased.

The SSA's Death Master File contains information on all persons with a social security number (SSN). This information is available to state and federal agencies as a way to prevent payments after death. Over 2 million people die annually in the United States. All reported deaths are routinely added to the SSA's Death Master File.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The audit objective was to determine the amount of Medicaid overpayments resulting from payments to providers for medical services rendered after the recipient's death.

Scope and Methodology

We did the following: (1) reviewed the MS DOM policies and procedures for notifying state and federal agencies of a death; (2) retrieved the data fields from the SSA Death Master file; (3) extracted Medicaid payment data from the state payment files pertaining to the relevant recipients; and (4) determined the amount of overpayments resulting from payments to providers of medical services after a Medicaid recipient's death.

The names, SSNs and dates of birth for Medicaid eligible recipients in federal FYs 1999 through 2001 were matched with corresponding data for deceased individuals from the SSA death files. Paid claims for those recipients identified as Medicaid eligible and deceased were then pulled for

all services provided in the month after death or later. We did not evaluate services that began in the recipient's month of death.

For those services that were claimed for the month after death or later we quantified them in two ways: (1) services within 30 days of death and; (2) services more than 30 days after death.

From the paid claims, we identified 777 potential overpayments. Of these, 542 had 30 days or less between the date of death and the beginning date of service. Further analysis revealed that 452 had not been adjusted to reflect the date of death. Therefore, we performed a detailed review of the 452 overpayments focusing on the type of service that was provided to the recipient. We found that 452 items were, in fact, overpayments.

The remaining 235 potential overpayments had more than 30 days between the date of death and the beginning of the date of service. We determined that three of these had been adjusted. We performed a detailed review of the remaining 232 potential overpayments focusing on the type of service that was provided to the recipient. We found that the 232 items were overpayments.

For each of the 777 potential overpayments, we determined if the state agency had made adjustments prior to the start of our audit. If the state agency had not made an adjustment, we reviewed the potential overpayment to determine if it represented a payment for services after the death of the recipient. We reviewed the state agency's payment system data to determine what procedure codes were billed for the potential overpayment.

We did not review the overall internal control structure of the state's Medicaid program. Our internal control review was limited to obtaining an understanding of the state agency's process for identifying payments for services to deceased individuals and recovering the overpayments.

We conducted our audit in accordance with generally accepted government auditing standards. Fieldwork was performed at the offices of the MS DOM, Jackson, Mississippi, and the Department of Health and Human Services, Office of Inspector General, Office of Audit Service office in Birmingham, Alabama from September 2002 through February 2003.

FINDINGS AND RECOMMENDATIONS

We found that that the MS DOM Program made 684 overpayments to providers for services rendered after their death. The overpayments totaled \$105,553 (federal share \$80,918) and occurred due to a time lag between the recipient's date of death and the recipient's Medicaid file update.

The United States Code, Title 42, Chapter 7, Subchapter XIX, Section 1396b, (d)(2)(c), states:

For purposes of this subsection, when an overpayment is discovered, which was made by a State to a person or other entity, the State shall have a period of 60 days in which to recover or attempt to recover such overpayment before adjustment is made in the Federal payment to such State on account of such overpayment. Except as otherwise provided in subparagraph (D), the adjustment in the Federal payment shall be made at the end of the 60 days, whether or not recovery was made.

RECIPIENT RECORDS WERE NOT RETROACTIVELY ADJUSTED TO REFLECT THE DATE OF DEATH

We found that the MS DOM appropriately recognized the recipient's death but in many cases did not identify and recoup payments made for services rendered after death. This resulted in overpayments to providers during the period between the recipient's death and the processing of the date of death into the MS DOM's Medicaid payment system. Since there was no systemic method of implementing adjustments related to this time period, some payments remained outstanding or continued to be made for more than 1 year.

PAYMENT CONTROLS WERE NOT PROPERLY IMPLEMENTED

Improper Medicaid payments occurred because the MS DOM had not implemented adequate internal controls to prevent or recoup payments for services to providers after a recipient's death. The MS DOM officials stated that these payments were not identified and recouped because there is a time lag between the time of the recipient's death and the recipient's Medicaid file update. The time lag averaged 170 days.

684 OVERPAYMENTS FOR SERVICE REMAIN UNRECOVERED

Claims data was obtained to verify that the individual identified on the SSA death list matched the individual identified in the Medicaid Management Information System database. We verified that the name, SSN, date of birth and death matched both sources. We determined that the services provided were subsequent to the recipient's month of death. In addition, we determined that these recipients were associated with 777 potential overpayments. We then determined if these potential overpayments had been recovered. We concluded that 684 overpayments remained.

Of the 684 overpayments, we found that 211 were within 30 days of the date of death and 473 occurred more than 30 days after death.

Of the 777 lines of service, we found that 684 resulted in overpayments. The services associated with the 684 overpayments included the following types of service:

- 307 lines of service charged for drugs
- 177 lines of service charged for durable medical equipment
- 42 lines of service charged for vision services
- 36 lines of service charged for medical and surgical supplies
- 33 lines of service charged for mental health services
- 30 lines of service charged to health maintenance organization capitation payments
- 24 lines of service had no description of the service provided
- 13 lines of service charged for transportation
- 11 lines of service were charged to nursing facilities
- 7 lines of service charged for office/outpatient services
- 3 lines of service charged for dispensing fees
- 1 line of service charged for an electrocardiogram

The schedule below exhibits the overpayments associated with the 684 lines of service:

Federal FY	Lines of Service with Errors	Amount of Error	<i>Federal Share</i>
1999	126	\$15,298	\$11,745
2000	184	\$17,841	\$13,702
2001	193	\$50,750	\$38,986
2002	181	\$21,664	\$16,485
Totals: 684		\$105,553	\$80,918
Total Federal Share:			\$80,918

RECOMMENDATIONS

We recommend that the MS DOM:

- recover \$105,553 from the providers who received payments for services provided after the recipient's death;
- refund \$105,553 (federal share \$80,918) to the Medicaid program for overpayments identified through our review; and
- implement procedures to identify and recover payments for post death services claimed after the payment system was updated with the recipient's date of death.

State Agency Comments

Medicaid officials agreed with our findings and recommendations. See Appendix A for their comments in their entirety.

To facilitate identification, please refer to report number A-04-02-07011 in any correspondence related to this report. If you need additional information, please contact Andrew A. Funtal at (404) 562-7762.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles J. Curtis". The signature is fluid and cursive, with a prominent "C" at the beginning and a long, sweeping underline.

Charles J. Curtis
Regional Inspector General
for Audit Services, Region IV

Enclosure

APPENDIX



STATE OF MISSISSIPPI

OFFICE OF THE GOVERNOR
DIVISION OF MEDICAIDRICA LEWIS-PAYTON
EXECUTIVE DIRECTOR

May 5, 2003

RECEIVED
MAY 12 2003
Office of Audit Svcs.

Mr. Charles J. Curtis
Regional Inspector General for Audit Services
Region IV
Room 3T41
61 Forsyth Street, S. W.
Atlanta, GA 30303-8909

RE: Mississippi Audit-Payment for Services to Deceased Beneficiaries
Draft Report # A-04-02-07011

Dear Mr. Curtis:

In response to the audit findings specified in the above referenced draft report dated April 4, 2003, the Division of Medicaid (DOM) agrees with the findings and will take necessary action to comply with the OIG recommendations.

If any information is needed regarding this audit, please contact Betty Williams, Eligibility Bureau Director, at 601-987-3943.

Sincerely,

A handwritten signature in cursive script, reading "Rica Lewis-Payton".

Rica Lewis-Payton

RLP:BW:bm

cc: Sheila Brady, HHS/OIG/OAS
Emmitt Barnett, HHS/OIG/OAS
Terry Childress, DOM
Betty Williams, DOM

ACKNOWLEDGMENTS

This report was prepared under the direction of (RIGA). Other principal Office of Audit Services staff who contributed include:

Andrew Funtal, *Audit Manager*
Emmitt Barnett, *Senior Auditor*
Sheila Brady, *Auditor*

Technical Assistance

Pat Terris, *Advanced Audit Techniques*

For information or copies of this report, please contact the Office of Inspector General's Public Affairs office at (202) 619-1343.